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C O N F I D E N T I A L SECTION 01 OF 03 MANILA 004656

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SUBJECT: U.S. STRATEGY FOR MINDANAO PEACE-BUILDING

REF: MANILA 2427

Classified By: Ambassador Kristie A. Kenney, reasons 1.4 (b) and (d)

¶1. (C) Summary. USG strategic efforts are paying off significantly in building peace in Muslim Mindanao and transforming its once-lawless areas from safehavens for domestic and international terrorists to ever-larger zones of peace and prosperity. While peace talks under Malaysian sponsorship between the Government of the Republic of the Philippines (GRP) and the Moro Islamic Liberation Front (MILF) have their ups and downs, the actual peace process on the ground remains alive and well, and is apt to pick up even more momentum, with continued USG assistance and involvement. This is a battle we can win here in the Philippines, which will make a substantial achievement in the Global War on Terror. End Summary

¶2. (C) Over the past decade, the USG strategy to promote peace and prosperity in Muslim Mindanao and to combat terrorist threats and Muslim insurgencies has paid off. Our strategy has included: a robust mix of USAID programs to assist individuals and communities in rejecting lawlessness and terrorism; the advice and assistance from our military and related elements to help the Armed Forces of the Philippines (AFP) pursue the terrorists; the targeted use of DOD and State/DS Rewards for Justice programs to encourage residents to turn-in wanted terrorists; vigorous public diplomacy to communicate the successes of these efforts to audiences in both Mindanao and Manila; exchange programs to expose Mindanao residents to the rest of the Philippines and outside world; and, our political encouragement to local leaders, including in the MILF, to pursue peace talks. The results include:

- key leaders of the Abu Sayyaf Group (ASG) and Jemaah Islamiyah (JI) are on the run, having been routed from earlier safehavens in Basilan and Maguindanao. They are now holed up under siege in the face of a sustained offensive on the island of Jolo, backed up by significant tactical and advisory support from the Joint Special Operations Task Force-Philippines (JSOTF-P) and other USG assets;
- the 1996 peace accord with the insurgent Moro National Liberation Front (MNLF) has led to successive democratic elections within the Autonomous Region in Muslim Mindanao (ARMM), and enabled the USG through USAID to carry out a multisector development assistance program, including livelihood training under USAID auspices for over 28,000 former MNLF insurgents;
- a three-year old cease-fire with the MILF continues to hold, aided by an International Monitoring Team as well as

local groups;

- exploratory GRP/MILF talks have led to tentative agreement on governance and other issues, and clarified differing views on territory, while broaching the sensitive issue of disarmament;
- USG payouts of more than \$1.5 million in rewards related to the capture of 23 terrorists from the Abu Sayyaf Group and Rajah Solaiman Movement;
- growing zones of peace and development now enable USAID and other donors to operate in increasingly broad parts of Mindanao and the Sulu Archipelago. Reftel described in detail many of the impressive gains from USAID programs, also summarized in para 4, with related success stories in paras 5 and 6;
- the former ASG headquarters of Basilan Island is now bustling with commercial and agricultural activity, following the 2002 joint Balikatan exercise, which combined civil/humanitarian operations with military offensives, a model that the AFP and JSOTF-P are currently pursuing on Jolo Island and elsewhere; and,
- our direct dialogue with leaders of the MILF has contributed to ever-clearer renunciations of terrorism and cut-offs of ties with individual terrorists, and helped to ensure that they recognize that a peace accord will bring tangible, life-improving benefits to their constituents and members.

13. (C) The USG need not be discouraged by what appears to be another slowdown in the informal GRP/MILF peace talks, as the two sides disagree about territorial claims. What we can constructively focus on is continuing to build a still larger commitment throughout Mindanao to a successful peace process, even in the absence of a formal accord. What drives this

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fundamental peace process are the sentiments of those on the ground who are tired of conflict and who seek better lives for themselves and their families. This is where we can help provide what the perennially cash-strapped and expertise-weak GRP cannot always offer. USG support in sustaining this peace process and in expanding zones of peace and prosperity -- building upon the strategic actions cited above -- will remain critical. The rewards for offering sufficient resources and personnel to ensure that we are able to stimulate this growing commitment to peace are great and potentially still greater. The risks of failing to do so would, conversely, lead to disillusionment, despair, and resignation that armed struggle and support for terrorism are inevitable and perhaps desirable. This is a battle we can win here in the Philippines, which will make a substantial achievement in the Global War on Terror, by maintaining our current strategy, with similar or expanded levels of assistance and dialogue with parties to the peace talks.

Success stories

14. (SBU) USAID invested about \$300 million between 2001 and 2006 in building peace in Muslim Mindanao, with 2007 and 2008 requests totaling at least \$150 million more. These funds have enabled:

- more than 28,000 former MNLF combatants to gain new livelihood skills;
- about 300 rural bank units to provide microfinance services to over 299,000 clients, of whom 82% were women;
- 176 credit cooperatives to serve 662,000 members, of whom over 75% were women;
- construction of more than 600 infrastructure projects, benefiting nearly two million people;
- provision of solar-power, renewable energy systems to over 6,500 households in hundreds of remote communities;
- assistance to over 200 local governments in providing quality health services for family planning, TB diagnosis and treatment, and material and child health;

-- introduction of computer and internet education to over 350 schools, benefiting over 320,000 students and 9,000 teachers;
-- 18,300 out-of-school youths to complete courses for elementary and high school accreditation or placement within the formal education system, instead of joining terrorist organizations;
-- more than 50 local governments to use sound environmental practices to manage forests, coastal and fisheries resources and solid waste;
-- 125 officials of more than 50 local governments to use sound environmental practices to manage forests, coastal and fisheries resources and solid waste;
-- 125 ARMM officials to obtain training in the design, development, implementation, and management of social and economic projects;
-- 750 communities (barangays) to promote community peace and develop skills for alternative dispute resolution;
-- 71 young people to learn to participate in the national-level legislative process as interns at the Philippine Congress in Manila;
-- 185 trainers of elementary and secondary level teachers of English and Information Communication Technology from the ARMM and other parts of Mindanao to obtain training by the Peace Corps;
-- more than 80 schools to use educational television for capacities upgrading for teaching science, math, and English.

15. (SBU) JUSMAG/JSTOF-P actions have included:

-- USNS MERCY deployment to Zamboanga and the Sulu archipelago in June 2006 benefited thousands with MEDCAPs and DENCAPs to targeted communities, with significant impact especially on Jolo Island. U.S. medical personnel partnered with GRP and USAID/NGO counterparts executed over 50,000 medical interactions;
--The establishment of the Philippine-U.S. Security Engagement Board (SEB) brings a new security consultative mechanism that facilitates cooperation on the non-traditional security concerns including terrorism, smuggling, piracy, and other emerging threats;
--Philippine Defense Reform (PDR) reinforces

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counter-terrorism capacity building throughout the AFP and is a key enabler to promoting peace and prosperity; and,
--JSOTF-P support to the AFP Operation ULTIMATUM, which is in its fourth month of execution on Jolo, proves that peace and prosperity are reinforced by the KAPIT BISIG framework.

16. (SBU) Public diplomacy victories have included:

-- Dozens of Muslim youth from Mindanao have participated in ECA high school and youth exchange programs, including the Youth Leadership Program - Philippines, and the YES program;
-- A network of six American Corner libraries located at universities in Mindanao (in Davao, Cagayan de Oro, Cotabato, Zamboanga, Jolo, and Tawi-Tawi); and,
-- Five EAP/PD Democracy Grants in recent years to Muslim NGOs in Mindanao to support projects to strengthen civil society.

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